

DEPRECIATION IN CURRENCIES RECOGNIZED

New Ruling of Customs Department Now Being Enforced— Still Uncertainty About Determining Current Rate

(Special to *The Monetary Times*.)

Ottawa, Sept. 30, 1920.

PROVISION for valuing European currencies at current rates rather than at par of exchange is contained in an order of the customs department, signed by R. R. Farrow, commissioner of customs. This order is dated July 22, 1920, but was distributed just a few days ago. It relates to section 59 of the Customs Act. Sterling invoices are still to be valued at par, according to this order, but it is understood that the current rate is shortly to be applied to imports from the United Kingdom also. The order reads:—

Currency of Exporting Country

“(1) When the value of any currency has been proclaimed by the Governor-in-Council, subject to the provisions of Paragraph 2 hereof, collectors of customs are to compute the value for duty according to the rate so ordered and proclaimed from time to time. The fair market value of the goods when sold for home consumption in the principal markets of the countries of export, as of the date of export, should always be shown in terms of the standard coins of the currency of the country of export, whether this standard be gold or silver, and regardless of whether transactions in specie actually take place or not. If payments of specie have been suspended and the business of the country of export is carried on in paper currency, the home market value of the goods exported may be shown in terms of the paper currency, provided the value of the paper currency in relation to the standard coins be also shown. The governing value of the goods for duty purposes is the home market value in the terms of the standard currency of the country of export.

Compare with Canadian Dollar

“(2) Whenever (a) the value of the currency has not been proclaimed, or whenever, (b) though proclaimed, there is no fixed standard value (and it is to be noted that where a currency is based on silver or on any other standard than gold there can be no fixed value in relation to the currency of Canada), there shall be attached to the invoice of the goods imported the certificate of some Consul resident in such place or country showing the true value of the currency in which such invoice is made out at the time when and in the place or country where such certificate is given as compared with the standard dollar of Canada.

“(3) Whenever from any cause the value of any such currency, referred to in paragraph 2 above, headings (a) or (b), has become depreciated, there shall be attached to the invoice of the goods imported the certificate of some consul resident in such place or country, showing the extent of such depreciation, and in such cases wherever the value of the depreciated currency is dependent upon the rate of exchange on London, it shall be optional with the importer, with the consent of the collector, to compute the value for duty at the rate of exchange certified by the bank through which the same is drawn, as current at the time and place when and whence the goods were exported to Canada.

“(4) By Section 9 of the Currency Act, 1910, it is provided that the British sovereign shall pass current and be legal tender in Canada for four dollars eighty-six and two-thirds of a cent of the currency of Canada.”

Stamps for Luxury Tax

Collection of the sales and luxury taxes by means of stamps instead of by the present method will be inaugurated November 1. The necessary arrangements now are being made and the stamps manufactured. A special perforating machine for cancelling the stamps will be furnished free to the dealers. Last month \$6,000,000 revenue was derived from the luxury tax, but this is not regarded as the probable maximum.

In some cases investigation has shown that the law is not being complied with through ignorance of its provisions. In others there have been deliberate evasion, and prosecutions in several score of cases are being initiated. The full penalty will be asked to the end that the effect be salutary. Inland Revenue officers, by visiting stores and making purchases, have detected many cases of evasion. A staff of thirty expert auditors, distributed over the different Inland Revenue divisions, has just been appointed to check up and see that the Treasury is getting the revenue it is entitled to.

Appeals Against Railway Decision

Ten appeals have been entered to the government against the award of the Railway Commission in the railway rates case. The hearing before the Cabinet commenced yesterday. The grounds upon which variation of the judgment is sought are essentially the same, and one appeal for all is really sufficient. It is anticipated that the cases will be consolidated so that the proceedings may be abbreviated as far as is possible. The most vigorous objections come from the west, though various organizations in the east are also protesting. The government has power to reverse or vary the finding of the commission, but it has never been done. The fact that Hon. J. D. Reid, Minister of Railways, has already pronounced judgment by justifying the award, and the further fact that the tariffs are now in operation, inspire considerable doubt as to whether anything will be done till the new rates have had a try-out.

Huge American Capital Here

That American capital is coming into Canada at the rate of two hundred millions a year is an opinion entertained in official circles in the light of information secured. The money is not being applied to industry alone, though much of it goes there, but as well to Canadian securities, general, provincial, municipal and railway. The fact that ninety dollars of United States money is the equivalent of one hundred of Canadian is a big factor in inducing the influx of investment.

According to a statement submitted to a recent gathering here, out of some \$275,000,000 invested in the Canadian pulp and paper industry, now in process of great expansion, 30 per cent., or thereabouts, is American. Efforts are being made to induce British capital to become interested in this industry, but the great obstacle is not the unwilling attitude of the British investor, but the adversity of existing exchange conditions. A recent financial statement issued in New York placed at \$524,000,000 the amount of Canadian loans in the United States in a variety of securities. This was exclusive of what is invested in Canadian war bonds.

INTER-PROVINCIAL INSURANCE CONFERENCE

At the conference of provincial superintendents of Insurance, to be held in Winnipeg next week, the following addresses will be given:—“The Work of the National Conference of Commissioners of Insurance (U.S.),” by a commissioner; “Regulation by License of Insurance Agents, Brokers and Adjusters,” by V. Evan Gray; “Legislation Governing Solvency of Fraternal Societies,” by Dr. F. Sanderson; “Hail Insurance,” by W. M. Seller; “Uniform Statutory Conditions for Accident and Sickness Policies,” by A. E. Fisher; “Model Fire Policy Act,” by Charles Heath; “Farmers’ Mutual Fire Insurance,” by A. F. Kempton; “Reciprocal or Inter-insurance Exchanges,” by Charles M. Howell; “Standard Conditions for Automobile Insurance Policies,” by John B. Laidlaw; “Taxation of Insurance Companies,” by C. C. Ferguson; “Uniform Beneficiary Law for Life Contracts,” by H. J. Sims; “Unlicensed Insurance,” by A. E. Fisher; “Uniform Forms for Insurance Company Returns,” by F. L. Monck. There will also be a discussion on “Government Deposits of Provincial Insurance Companies for Inter-provincial Business.”